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ARIZONA CORPORATION COMMISSION

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August 24, 2010

Mr. Jeff Guldner
Vice President for Regulatory Affairs
Arizona Public Service Company
400 North Fifth Street
M.S. 8995
Phoenix, AZ 85004

Mr. Ray Heyman
Vice President for Regulatory Affairs
Tucson Electric Power Company
One South First Street, Ste. 1820
Tucson, AZ 85701

MAILED VIA EMAIL

Re: Battery storage research and development for use in conjunction with energy efficiency and renewable energy technology; 2011 REST and Energy Efficiency Implementation Plans; adding Sacramento Municipal Utility District battery storage pilot to requested analysis in July 31, 2010 letter; Docket Nos. E-01345A-10-0262; E-01345A-10-0219; and E-01933A-10-0278.

Dear Mr. Guldner and Mr. Heyman:

Last month, I wrote to you requesting that your Companies undertake an examination of the benefits associated with battery storage, with a particular eye toward a new pilot program being conducted by the Center for Sustainable Energy California and San Diego Gas and Electric. Under that program, San Diego Gas and Electric ("SDG&E") is deploying a battery storage testing program, in which the Company will test three different lithium batteries for their home energy storage capabilities.¹

Since issuing that letter, it has come to my attention that there is at least one additional battery storage pilot program under way, at the Sacramento Municipal Utility District ("SMUD") in California. It is my understanding that the SMUD battery program has as its focus the efficacy of battery technology in delivering demand response, emergency back-up and renewable energy integration services for utilities. I would like to request that Arizona Public Service Company ("APS") and Tucson Electric Power Company ("TEP") examine the SMUD battery storage


¹ See press release issued by the Center for Sustainable Energy California, "Study looks at repurposing batteries for household energy storage," June 10, 2010.

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efforts, in addition to those at SDG&E, and present your analysis of both programs to the Commission, as outlined in my July 31 letter.

Thank you for your attention to this matter and I look forward to reviewing your responses.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kris Mayes', with a stylized, cursive script.

Kris Mayes
Chairman

Cc: Commissioner Gary Pierce
Commissioner Sandra Kennedy
Commissioner Paul Newman
Commissioner Bob Stump
Ernest Johnson
Steve Olea
Janice Alward
Lyn Farmer
Rebecca Wilder